(c) The increase in real interest rate combined with appreciation of the rupee are two major factors which have been having an effect of manufacturing in the current financial year.

Indian industries in defence production

*293. SHRI RAVULA CHANDRA SEKAR REDDY: Will the Minister of DEFENCE be pleased to state:

(a) whether Government is encouraging Indian industries in defence production;

(b) if so, the details thereof during the last three years; and

(c) the present status thereof?

THE MINISTER OF DEFENCE (SHRI A.K. ANTONY): (a) to (c) Till 2001, the defence production was confined in the public sector, presently having 8 Defence public Sector Undertakings and 39 Ordance Factories. In May 2001, the defence industry sector was opened upto 100% for Indian private sector participation subject to licensing. Since then, 73 Letters of Intent/Industrial Licenses have been issued to various companies in the private sector for manufacture of wide range of defence items.

Various steps have been taken during last three years to encourage Indian Industries to participate in defence production. These include provision relating to offset, maintenance, through Indian industry, of 'Buy' category of items procured from overseas sources and level playing field, which have been incorporate in the Defence Procurement Procedure-2006. Issues concerning the Indian industry like shared development cost and minimum order quantity in development projects have also been addressed in the 'Make' procedure notified as part of Defence Procurement Procedure-2006.

Pending rural road projects under Bharat Nirman Programme

*294. SHRI C. PERUMAL: Will the Minister of RURAL DEVELOPMENT be pleased to state:

(a) whether it is a fact that a number of projects of rural roads under Bharat Nirman Programme planned under Tenth Plan are still pending, resulting in huge cost variance;

(b) if so, the number of pending rural road projects under this programme, State-wise;

(c) whether these projects would be forwarded to the Eleventh Plan; and

(d) if so, the details of the cost variance due to delay of rural road projects, State-wise?

THE MINISTER OF RURAL DEVELOPMENT (SHRI RAGHUVANSH PRASAD SINGH): (a) During the first 2 years *i.e.* 2005-06 and 2006-07, 13831 habitations were connected with all-weather road against the target of connecting 23164 habitations under rural roads component of Bharat Nirman.

(b) State-wise details of habitations connected against the targets fixed during the period 2005-07 as well as balance habitations to be connected have been indicated in the Statement (*See* below).